

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 JUSE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 NEA-10 /166 W
-----113936 051414Z /46

R 042109Z APR 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 6899
INFO AMEMBASSY BRUSSELS
USMISSION GENEVA

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USEEC AND USMTN

E.O. 11652: N/A
TAGS: ETRD, CA
SUBJECT: TEXTILES: RUMORED CANADIAN RESTRAINTS ON LEATHER

REF: STATE 78622

1. EMBASSY HAS HAD DIFFICULTY IN VERIFYING WHETHER GOC IS ATTEMPTING TO INCLUDE LEATHER PRODUCTS IN BILATERALS SINCE DOUG. ARTHUR, DIRECTOR GENERAL, SPECIAL IMPORT POLICY IN DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC) IS IN EAST ASIA ON NEGOTIATING TRIP AND DOES NOT RETURN UNTIL MID-APRIL.

2. IN ARTHUR'S ABSENCE, PERCY EASTHAM, DIRECTOR GENERAL, GENERAL ECONOMIC RELATIONS, ITC, TOLD EMBOFF THAT GOC MIGHT INDEED BE TRYING TO NEGOTIATE QUOTAS ON SOME APPAREL ITEMS WHICH WERE IN BORDERLINE CATEGORIES, BUT HE WAS NOT SURE WHAT SPECIFIC CATEGORIES ARTHUR MIGHT BE NEGOTIATING
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ON AS HE HAD BEEN GIVEN CONSIDERABLE FLEXIBILITY. HE WENT ON TO COMMENT THAT GOC WAS OPERATING ON PREMISE THAT "REASONABLE DEPARTURES" WOULD BE ALLOWED UNDER MFA AND THAT GOC WOULD THEN WISH TO ACCEDE TO IT, BUT NOT IF REASONABLE DEPARTURES WERE PRECLUDED.

3. MICHAEL BUTLER, WHO IS ACTING IN ARTHUR'S POSITION, SAID

HE HAD ONLY BEEN IN GOVERNMENT FOUR MONTHS AND ALSO TOLD EMBOFF WAS NOT QUITE SURE WHAT PRODUCTS WERE INCLUDED IN BILATERALS BEING NEGOTIATED, BUT PROMISED TO INVESTIGATE AND CALL BACK. HE TELEPHONED APRIL 3 TO SAY THAT NO LEATHER PRODUCTS WERE INCLUDED IN HONG KONG BILATERALS SINCE HONG KONG WAS "PREPARED TO AGREE ONLY TO PRODUCTS COVERED BY MFA". HOWEVER, IN BILATERALS WITH KOREA, HE SAID THERE WAS A CABLE REPORT THAT A "KIND OF SIDE AGREEMENT" ON LEATHER COATS HAD BEEN REACHED. HE WAS NOT SURE OF THE

DETAILS AND WOULD NOT KNOW UNTIL ARTHUR RETURNED LATER THIS MONTH.

4. COMMENT. FROM ABOVE INFORMATION IT APPEARS THAT GOC IS INDEED ATTEMPTING TO CONCLUDE, AND MAY HAVE ALREADY CONCLUDED, BILATERAL RESTRAINTS ON LEATHER APPAREL. THE REPORTED "SIDE AGREEMENT" FOR LEATHER COATS PROBABLY IS INTERPRETED BY GOC TO BE A PERMISSIBLE "REASONABLE DEPARTURE," BUT THEN THE QUESTION ARISES WHY IT NEEDED TO BE A SIDE AGREEMENT. IT WILL BE RECALLED THAT GOC DECIDED TO RESERVE ITS POSITION ON RENEWAL OF MFA UNTIL SUCH TIME AS IT HAS CONCLUDED BILATERAL ARRANGEMENTS WITH LOW COST CLOTHING SUPPLIERS (77 OTTAWA 10607 NOTAL).
DUEMLING

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